



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 15-02 Gas Cost Adjustment

January 2015

### **Purpose**

The purpose of this audit was to evaluate whether Colorado Springs Utilities prepared the Gas Cost Adjustment (GCA) in accordance with the approved tariff. The methodology was compared to prior filings for consistency and calculations were tested for accuracy.

### **Summary**

Based on our review of the calculations and related background information, we conclude that the GCA was calculated accurately and consistently in accordance with the approved tariff.

Colorado Springs Utilities is recommending an increase to the GCA refund, which will decrease customer bills.

### GCA

- The last GCA adjustment was effective November 1, 2014, resulting in a reduction of the refund from (\$.1566) to (\$.1265) per Ccf.
- Colorado Springs Utilities proposes in this filing to increase the refund rate from (\$.1265) to (\$.2460) per Ccf effective February 1, 2015.

The Gas Cost Adjustment was \$1.8 million under-collected at December 31, 2014. With this change effective February 1, 2015, Colorado Springs Utilities projects an over-collected balance of \$982 thousand at December 31, 2015.

Colorado Springs Utilities provides regular updates to the Utilities Board on the collected balance. To maintain financial stability and moderate price changes to customers, Utilities management recommends periodic changes to the GCA, which are subject to approval by City Council.

Please let me know if you have any questions or comments.

### **Recommendations**

No formal recommendations were made.

### **Management Response**

No response was requested from Colorado Springs Utilities.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

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